

made a business of furnishing, are required as a guarantee that the person to whom a withdrawal permit has been granted will not dispose of the liquor obtained with it for other than lawful purposes. Malawista said according to Chief McQuillan, that he controlled twenty applications for permits through his operations.

The conspiracy with which Malawista is charged is alleged to have existed since the first of last October. According to the complaint, "it was part of such conspiracy that the defendant should procure and cause to be issued withdrawal permits for the withdrawal of liquor from distilleries, warehouses and other places in fictitious names and by means of fictitious addresses on the representation that the liquor obtained by means of such permits should be sold and dealt in for non-beverage purposes exclusively."

McCoy and Malawista according to the Federal officials, first met at the office of Director O'Connor. In the course of the acquaintance which developed the bonding agent is said to have advanced McCoy \$500 to pay his expenses at a school of dramatic art where he intended studying after quitting the office of the prohibition director.

After McCoy's arrest he telephoned to Malawista and asked him to furnish the \$5,000 bail bond under which he was held. Malawista did not appear with the bond, and McCoy, unable to find any one who would furnish it, had to go to the Tombs.

Joel Rathbone, vice-president of the National Surety Company, issued a statement last night in which he declared that he was "unable to determine whether or not Malawista is one of the company's ten thousand agents. If he should turn out to be one and is guilty of the charge, of course he will be discharged immediately."

Kathryn Foody, another former member of O'Connor's working force, who was named in the conspiracy charges with McCoy on Wednesday, was arraigned yesterday and held in \$1,000 bail for a hearing Wednesday. She furnished the bond and was released. Mrs. Volberg Castillo, the other defendant named, has not yet been arrested. The hearing in the case of Edward Donegan, "Benny" Rosenfeld, Mrs. Mary E. Parkins and Regina Sassone, who were the first of the alleged ring members in O'Connor's office to be arrested, was postponed yesterday until Thursday, at the request of their counsel, William J. Fallon.

Aside from the developments in the alleged conspiracy, two of Director O'Connor's inspectors were arrested on charges of having submitted fraudulent expense accounts in connection with their work. They are Fred E. Boardway of Kingston and D. F. McManus of Binghamton.

It is alleged they fraudulently charged the Government for sixty-three nights' shelter in the Hotel Ansonia and other hotels, submitting false vouchers as proof of their expenditures. Mr. O'Connor denied that these two men were close friends of his, as had been reported. He said, however, that they were two of his most capable and trusted inspectors. Boardway and McManus were arraigned before Commissioner Hitchcock and held in \$500 bail each for a hearing next week.

Director O'Connor announced that the suspension of liquor withdrawals, which was put into effect last Monday in order that his office might go over the applications on file to weed out the forged permits, will be lifted Monday.

He said, however, that he will begin to-day to cut down on the number of wholesalers' basic permits. When told that Commissioner Kramer had been reported from Washington as in favor of reducing the number of permit holders by 50 per cent, Mr. O'Connor said: "If I have my way the cut in New York will be considerably more drastic than that."

He said that on July 27, when his office shut down on the issue of wholesalers' permits, there were 1,724 on file. These have been considerably reduced in number since then and only 859 of these permit holders have applied for renewals for the ensuing six months.

This number, in turn, he expects to reduce materially. Not only will the permits of all persons be revoked who have been discovered in violations of the Volstead act but no permits will be issued to persons who are not citizens and they will be taken away from aliens who now possess them. This step, Mr. O'Connor said, will be taken under the provisions of a State law which he had to contend during the first months of its activity made proper checking up of permit holders impossible, he said.

#### ABOUT 50 MILLION GALS. LEFT.

WASHINGTON, Jan. 6.—Counted in gallons, this is how much spirits there was in Government warehouses last September 30, according to the record given to Congress to-day:

Whiskey, 44,550,645; rum, 405,556; gin, 806,462; high wines, 2,395; alcohol, 976,808; cognac spirits, 559,685; and brandy, 739,977.

## LYONS LEADS FIGHT OF OFFICEHOLDERS ON MILLER'S CUTS

Secretary of State Says Governor Must Show Him Where Economy Lies.

### POLITICIANS PROTEST

Propaganda Being Worked Up Quietly to Nullify Retrenchment Plans.

### SLASHING WORK STARTS

Lusk and Machold Outline Bills to Insure Saving Millions in State Expenses.

Special Despatch to THE NEW YORK HERALD, New York Herald Bureau, Albany, Jan. 6.

The legislative leaders began to-day the practical work of carrying out Gov. Miller's recommendations for a series of reforms that will make over the State government. Senator Lusk and Speaker Machold, representing the two houses, conferred with the bill drafting commission and outlined the measures that will be proposed.

These bills are to be drawn and hurried through the Legislature as quickly as possible.

There are no signs of a serious break of the Republican majorities, but the office holders and politicians are beginning to protest and they quietly are working up their propaganda of opposition.

John J. Lyons, Secretary of State, is the first openly to talk fight. He gave notice that he would oppose giving up control of the automobile tax, which the Governor proposes to put into a single headed tax bureau.

#### Lyons's Missouri Attitude.

"They will have to show me where the economy lies in transferring the automobile tax to a new department," Mr. Lyons said. "I will relinquish the bureau if it is for the financial good of the State, but unless it is, I am going to keep it. If I can and if they take it away from me they will find a fighting Irishman on Capitol Hill."

The heads of several departments protested against the Governor's recommendation that there be no salary increases or new positions created. "Even after their first hasty survey of the State administration in the light of the Governor's constructive criticism the leaders said they would not experience any great difficulty in cutting at least \$60,000,000 from the budget and bringing appropriations down to the \$150,000,000 maximum laid down. Speaker Machold said this could be accomplished without loss of service or ending of any of the State's activities, but that no new activities could be started.

It was pointed out that the State payroll for personal service had more than doubled in the last ten years. In 1911 there were in the State service, 12,023 persons and the personal service item was \$13,020,880. Now 21,059 employees are on the State payroll, which amounts to \$23,421,196. The personal service item in the budget asked for next year is \$27,983,351. Speaker Machold said that in 1918 the State started a lot of new activities in order to give employment to returning soldiers.

In the State Excise Department, which is Republican, are thirty employees whose salaries total \$100,790. The Governor proposes to wipe out this department completely. Herbert S. Sisson, a Republican leader in Buffalo, whose salary is \$7,500, will go. Others in this bureau are Jay Farrier, deputy, at \$5,000; Charles V. Platt, deputy, at \$4,000; Harry B. Saunders, counsel, \$5,500; and Fred Bishop, auditor, \$3,500. Consolidation of the six tax collecting agencies will mean the loss of many fine jobs. Michael J. Walsh, Demo-

cratic leader of Westchester, will go out as chairman of the Tax Board at a salary of \$8,000 and Commissioner John J. Merrill, Republican, and James B. Smith, Democrat, at \$6,000, probably will be ousted. Mr. Merrill may be named in the new organization.

Others who will go are two deputies at \$5,000 and staffs of assistant deputy tax appraisers and counsel with salaries ranging from \$2,500 to \$3,000. By the consolidation of these several agencies it is expected that the tax forces can be cut in half.

Cuts which will be hit by the consolidation of the bureaus in the Department of Agriculture include George E. Hogue, Commissioner of Agriculture, and Dr. Eugene H. Porter, Commissioner of Food and Markets, each with \$8,000 salaries; S. C. Shaver, Deputy Commissioner of Agriculture, at \$5,000, and Albert E. Brown, Deputy Commissioner of Food and Markets, at \$6,000. All are Republicans.

One of the State departments that offers the greatest political patronage is that of the Health Officer of the Port of New York, which the Governor proposes to abolish. The 172 employees on its payroll receive \$382,134.

This is a particularly desirable office from the political viewpoint, because it provides many small jobs for the workers in the ranks of the organization, such as painters, clerks, plumbers, deckhands, laundries, nurses, orderlies, watchmen, laundry helpers, cooks, bakers and waitresses. It also is a Democratic department, headed by L. E. Coffey, health officer, at \$12,500. Other important officials are S. B. Doyle, medical executive officer, at \$4,000; C. S. Hudson, Commissioner of the Industrial Commission, the Democratic commissioner, Edward F. Boyle, James M. Lynch and Miss Frances Perkins, and two Republican members, Cyrus W. Phillips and Henry D. Sayer, all with \$8,000 salaries, will lose their places. Others who will go are Edward W. Buckner, secretary, at \$5,000; Bernard L. Shellenbarger, Democratic close friend of ex-Gov. Smith, counsel, at \$7,000; James L. Gerson, first deputy; William C. Archer, second deputy, and E. D. Jackson, third deputy, each at \$5,000.

#### 300 Jobs Lopped Off.

In the office of Superintendent of Elections, which the Governor will abolish, are 150 permanent positions and 150 temporary deputies, who serve for forty days preceding election at \$5 a day. The department is now controlled by the Democrats. Requests for salaries this year amount to \$27,240.

The principal officials who will be unseated are Henry S. Renaud, Commissioner, at \$5,000; Albert E. Hoyt, chief deputy, at \$4,000; and William M. Lawrence, secretary, at \$2,500. Several deputies receive \$2,200 each, six deputies \$2,100 and seventy deputies \$1,650. Abolition of the Military Training Commission will slash off sixty-five jobs, not including the military instructors throughout the State, whose salaries this year would amount to \$150,000. The total requested for salaries in the department for the year is \$18,365. The department heads who will lose their jobs are Brig.-Gen. L. C. Andrews, chief supervising officer, \$5,000; Thomas A. Storey, inspector of physical training, \$5,000; Howard G. Burdick, supervising officer of vocational training, \$5,000; Thomas C. Stowell, secretary, \$3,500; Capt. Henry C. Perley, military secretary, \$3,000; and Robert C. Mabel, chief clerk, \$2,200.

The nine port wardens to be ousted with the closing of their office in New York are James A. Farley, Charles W. Perry, John Gullfoyle, Leroy A. Judge, Julius V. Lyons, Albert Marinelli, Jeremiah O'Connor, Everett M. Price, and David S. Rendt.

There are seven employees in the office of the printing board, which is to be abolished, with salaries totalling \$14,850. Probably the biggest single item in the entire economy programme will be in the public printing department. Officials estimate that more than \$1,000,000 will be saved this year by reversing the old policy of printing and reprinting needless documents.

#### JAIL FOR LIQUOR SELLERS.

WILMINGTON, Del., Jan. 6.—Jail sentences will be imposed hereafter on every violator of the Volstead act convicted in his court, Federal Judge Hugh M. Morris declared to-day in finding Adam Doszewicki \$1,500. Doszewicki was found guilty on three counts of an indictment charging him with selling liquor. Judge Morris declared the sale of liquor is increasing here and he intends to check it.

### GOVERNOR TO ASK ENFORCEMENT BILL

Repeal of 2.75 Beer Act Also to Be Demanded.

Carrying out his campaign pledges Gov. Miller will have introduced within a week or ten days a bill for the repeal of the 2.75 beer bill and for the enforcement of the Volstead prohibition act. Republican legislative leaders who came to the city last night said the measure would be pushed through to passage and that the opposition would be negligible.

Already the bill has been drawn up in skeleton form. It follows as closely as possible the wording of the Federal Volstead act. Should that act be changed in any way, the State measure will be amended to conform.

As the Excise Department is to be abolished, all excise taxes, which may be collected from druggists and others who may have the right from the Federal Government to sell liquors for medicinal purposes, will be collected in the future by the Tax Department, which under the Governor's scheme is to receive all State revenues. There is no disposition to make this excise tax in any way a burden, but it is felt that for purposes of regulation it should be imposed.

Gov. Miller does not intend to organize any enforcement bureau. He believes the law should be administered by the local peace officers and he intends to hold them strictly accountable for such enforcement.

It is probable that the State administration will have the recommendation of the Federal prohibition enforcement officer for New York State, who will be named by the Harding administration after March 4. He will succeed Charles R. O'Connor, who serves under the Wilson administration. It is felt that a man recommended by the State administration would work more in harmony with the local officials than some others might.

### WOULD ABOLISH OFFICE OF OFFICIAL REFEREE

Livingston Carries Fight to Gov. Miller.

For reasons of economy Jacob A. Livingston, Republican leader of Kings county, is urging upon Gov. Miller the abolishment of the position of official referee, which pays \$10,000 a year. A similar attempt a year ago was unsuccessful, but Mr. Livingston, who went to see the Governor yesterday, believes the drive for retrenchment in public expenditures will assure his plan the respect it did not receive in the 1920 session of the Legislature.

Mr. Livingston contends that the referees have little to do and that two officials with similar power to that of referee could accomplish all the work at considerably less cost. The present law provides that a retiring Supreme Court Justice who has served for fourteen years may be named as a referee. There are five in Brooklyn now—Garret Garretson, Josiah T. Marcan, William D. Dickey, Edward B. Thomas and Lester W. Clark.

The fact that former Justice Townsend Scudder refused appointment as a referee has led to a story that a sitting member of the bench is about to resign and that Gov. Miller will return the former Justice to the vacancy.

### OTTO JANTZ IS NAMED STATE BUILDINGS HEAD

Barnes Man Chosen Superintendent by Trustees.

Special Despatch to THE NEW YORK HERALD, New York Herald Bureau, Albany, Jan. 6.

Otto Jantz of Albany was named this afternoon by the State Building Trustees as Superintendent of Buildings. The appointment is a recognition of the Albany Republican organization controlled by William Barnes. When it was decided that Albany was to act this position the organization submitted the name of Mr. Jantz, who has been a public official in Albany for many years.

Gov. Miller was asked if the board gave the new employment to any instructions how to run the office. "No, but we expect him to run it properly, or we will find another superintendent," the Governor said.

### WHITMAN NOT SURE ON HYLAN INQUIRY

Should Begin at 10 A. M. To-day, and Swann and Aids May Take Hold.

MAY START ON MONDAY Only Two Legislators So Far Called to Appear Before Grand Jury.

District Attorney Swann's investigation of the Hyman administration, with Charles S. Whitman engaged as special prosecutor, is announced to begin before the additional January Grand Jury at 10:30 A. M. to-day, but it is doubtful if it starts on schedule.

Mr. Whitman has not yet been sworn in. He said yesterday he was so busy with his regular legal work that he did not expect to undertake his new task until next week. Mr. Swann said he hoped, and believed the public hoped, that Mr. Whitman would find it possible to be on hand at the Criminal Courts Building this morning. If Mr. Whitman was detained elsewhere Mr. Swann said that he and his chief assistant, Jacob Banton, would examine the witnesses.

But there arises a question as to the witnesses. The District Attorney admitted that the only ones subpoenaed were Senator Theodore Douglas Robinson and Assemblyman Joseph Steinberg. They are the men who have asked the Legislature to delegate a joint committee of legislators to come to New York to examine the city administration, especially the Police Department, along the lines indicated in the general charges of corruption and graft which Messrs. Robinson and Steinberg have made. They are under subpoena to go before the Grand Jury for examination this morning.

Mr. Swann says that outside of what these two members of the Legislature have said he knows of no charges of misconduct against any part of the city administration, or of no suspicion of misconduct. He will be greatly obliged, he adds, if anybody who does know anything wrong will tell it to him, or Mr. Whitman, or the additional Grand Jury or any other body, so that the facts, ever alluring to Franklin street, may be educated.

In short, Mr. Swann and the Grand Jury have nothing on hand with which to give Special Counsel Whitman a start except the assertions of Senator Robinson and Assemblyman Steinberg. And it is regarded as possible that when these two appear before the Grand Jury they will stand on their privileges as members of the Legislature and decline to answer questions. They appear to regard the Swann inquiry as interference with the projected inquiry by the Legislature.

Senator Robinson said last night that he expected to go before the Grand Jury at the designated time. Being asked if he would give testimony, he answered, "I don't know yet." That was all to be got out of him. Mr. Steinberg could not be reached.

Reminded that a Grand Jury investigation might be open to criticism as cause of its secrecy, District Attorney Swann made what seemed to be a sporting offer. He said he would ask the court to order the jury to place its minutes at the disposal of the legislative committee, in case one was appointed. He was sure the request would be granted. Thus, he reasoned, the Grand Jury proceeding would be of positive assistance to the committee of the Legislature.

"The Senator and Assemblyman have made certain charges," Mr. Swann added. "As good citizens I expect they will answer the subpoenas and give any information they can. I believe the public is interested in learning where the corruption is and who the corrupt officials are and in seeing them brought speedily to justice."

EUROPEAN purchasing in this country slackened. High-grade tobacco formerly shipped abroad accumulated. We bought it.

This is the unusual condition which enabled us to produce such a quality cigarette as One-Eleven at so low a price.

FINALLY—try them!



Guaranteed by The American Tobacco Co.

—which means that if you don't like "111" Cigarettes, you can get your money back from the dealer

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FINALLY—try them!

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**Franklin Simon & Co.**  
A Store of Individual Shops  
FIFTH AVENUE—37th and 38th Streets

*Late Winter Models in*

**MISSSES' FUR TRIMMED COATS and COAT-WRAPS**

**45.00**  
Original Price \$69.50

Sizes 14 to 20 years

**THE price represents a value made possible only today, and the models are today's fashions with adequate warmth for the winter weather still ahead. In the most desired fabrics trimmed with the most wanted furs.**

*All Silk Lined and Interlined*

**MISSSES' WRAP SHOP—Second Floor**

**Franklin Simon & Co.**  
A Store of Individual Shops  
FIFTH AVENUE—37th and 38th Streets

**GIRLS' FUR COLLARED WINTER COATS**

*With Shoulder Cape*

**SIZES 6 TO 16 YEARS**

**29.50**  
Original Price \$49.50

In fashion taking an example from big sister's coat, in price setting an example for value in a coat for little sister. Of suede velour with taupe nutria or Australian opossum fur collar, lined and warmly interlined.

*Brown, Reindeer or Copenhagen Blue*

**GIRLS' COAT SHOP—Second Floor**

An advertisement in the Lost and Found Columns of THE NEW YORK HERALD offers a real possibility of recovering your lost property.

Broadway **Saks & Company** at 34th Street

Have Arranged to Hold Beginning This Morning

**A Special Sale of Men's Underwear**

—every garment perfect and offered at the very lowest price in New York

<b>At 2.95</b> Regularly 4.50. "Chalmers" wool mixed union suits, made of a very high-grade medium weight yarn. Each suit cut over the most perfect measurements. Sizes 34 to 46.	<b>At 1.65</b> Regularly 3.50. Ribbed wool mixed shirts and drawers, of the well known "Chalmers" brand. Medium weight, obtainable in natural grey only. Really wonderful value. All sizes.
<b>At 3.95</b> Regularly 5.50. Three-quarter wool union suits of the well known Stuttgarter make. Obtainable in natural grey, in sizes 34 to 46. Medium weight only.	<b>At 2.25</b> Regularly 3.50. Heavy weight shirt and drawers, all taken from regular stock and reduced. The best underwear to be had for the man who spends much time in the open. All sizes.

Broadway **Saks & Company** at 34th St.

**Now IN PROGRESS!**

**The Annual Sale of MEN'S Winter Overcoats**

at Radically Reduced Prices

Saks-made overcoats of very high order in both styling and workmanship, produced in our work-rooms this season in a host of fine overcoatings

<b>\$50 to \$63 Overcoats</b> <b>Now \$41</b> Smart single and double-breasted, in a most extensive range of smooth-finished and rough-surfaced fabrics.	<b>\$65 to \$80 Overcoats</b> <b>Now \$55</b> Single and double-breasted models with raglan or set-in sleeves, self or velvet collars, and quarter silk lined.
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